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## Taiwan

**Post:** Taipei

### Taiwan Cuts MFN Tariffs on Japan Imports in Bid to Join CPTPP

**Report Categories:**

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Trade Policy Incident Report

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**Report Highlights:**

On July 2, 2019, Taiwan's Legislative Yuan (LY) passed an amendment lowering most favored nation (MFN) tariffs on a grouping of agricultural products mostly from Japan. The LY hopes that lowering MFN tariffs will normalize the Taiwan-Japan trade relationship thrown off-balance by the 2018 anti-Fukushima food referendum, which froze in place a ban on Fukushima agricultural exports to Taiwan for two years. Taiwan authorities are attempting to gain Japan's support for joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

**General Information:**

After the Fukushima Daiichi disaster in March 2011, Taiwan banned all food imports from five Japanese prefectures due to concerns over radiation contamination. The prefectures include: Fukushima, Ibaraki, Tochigi, Gunma, and Chiba. In response to the Tsai Administration's plans to relax restrictions on Japanese exports from the affected prefectures, opposition Kuomintang candidates organized a referendum to freeze in place restrictions on Fukushima food products for a period of two years. In November 2018, over three quarters of Taiwan voters approved the anti-Fukushima food referendum. Taiwan is the only market that maintains an outright ban on food products from these five prefectures, greatly reducing chances of Japanese support for the Tsai Administration's ultimate goal of joining CPTPP.

On April 16, 2019, Taiwan's Council of Agriculture, Ministry of Economic Affairs, and Ministry of Treasury held a public hearing with local industry regarding a proposed MFN tariff reduction on specific fishery products, processed products, and alcoholic beverages (see attached list). Relevant authorities privately indicated that the list of products was modified from a previous negotiation that failed to gain passage after potential domestic industry opposition. The Tsai Administration revived the list in order to build goodwill with Japan, and gain backing for an eventual move to join CPTPP. The MFN tariff list was highly tailored to exclusively focus on agricultural products exported from Japan to Taiwan, with over 95 percent of Commodity Classification Codes (CCC) affected originating from Japan. In 2018, the goods affected by the lowering of the MFN tariff were valued at \$65 million.

While the total impact to trade may remain limited and the ban of Fukushima agricultural products remains in effect, the lowering of the MFN tariffs on mostly Japanese goods is a strong signal that the Tsai Administration is able to organize the ruling party to pass legislation crucial to their long-term trade agenda. It also reinforces the Tsai's Administration's strong desire to find trading partners other than China in the Asia region.

***Note: The official effective date on tariff reduction will be published after signing by the Tsai Administration.***

**Addendum:**

<b>Order</b>	<b>CCC Code</b>	<b>Description of Goods</b>	<b>Current Tariff Rate</b>	<b>Proposed Tariff Rate</b>
1	0307.21.00	Scallops (including full shell fish and conpoy), live, fresh or chilled	NTD\$ 17.2/kg or 10%, whichever is higher	5%
2	0307.29.20	Scallops (including full shell fish and conpoy), dried, salted or in brine, but not smoked	NTD\$184/kg or 12.5%, whichever is higher	6.3%
3	0714.30.20	Yam, fresh or chilled	16%	8%
4	0805.21.10	Satsumas, fresh and dried	30%	15%
5	1901.90.24	Cream, evaporated or sterilized	20%	10%
6	2008.99.93	Fermented soy and rice mixtures (miso)	30%	15%
7	2103.90.10	Mayonnaise, salad dressing	12.5%	6.3%
8	2103.90.20	Curry sauce	15%	7.5%
9	2104.10.21	Meat soups and broths and preparations therefor, solid or powder	10%	5%
10	2206.00.10	Fermented cereal beverages	40%	20%